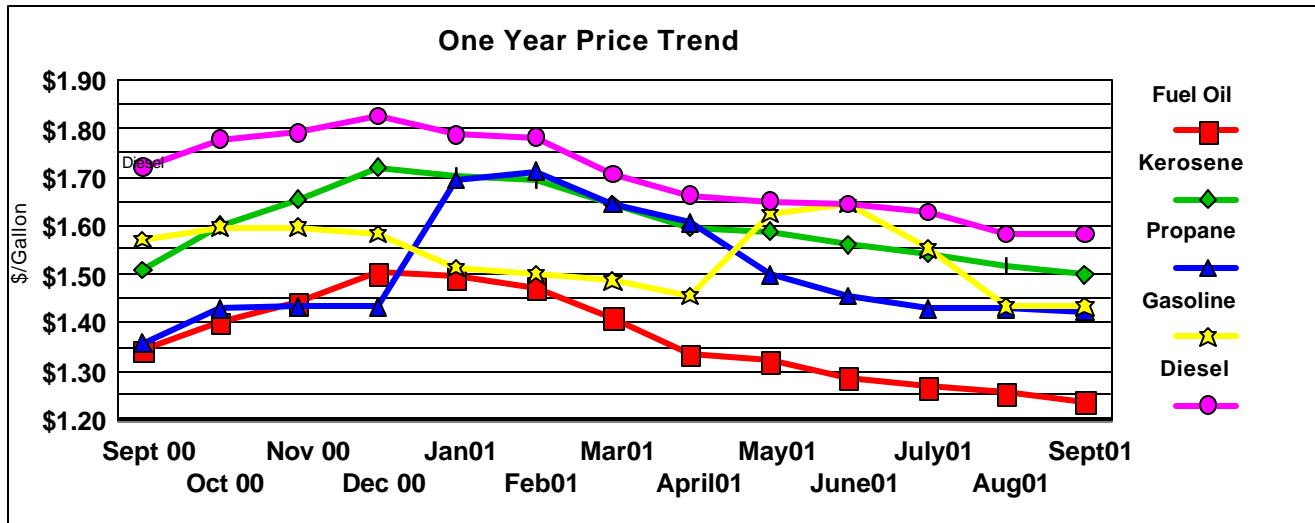


Vermont Fuel Price Report

September 2001

Vermont Picture



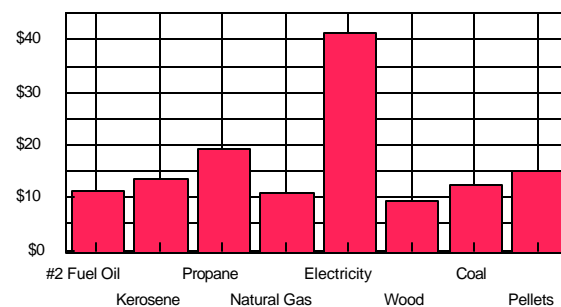
Average Retail Petroleum Prices (per gallon)

	Sept01	Aug01	%change	Sept 00	%change
No. 2 Fuel Oil	\$1.24	\$1.25	-1.3%	\$1.35	-8.0%
Kerosene	\$1.50	\$1.52	-1.3%	\$1.51	-0.8%
Propane	\$1.42	\$1.43	-0.4%	\$1.36	4.8%
Unleaded Gasoline	\$1.43	\$1.43	0.2%	\$1.57	-8.7%
Diesel	\$1.58	\$1.58	0.1%	\$1.72	-8.0%

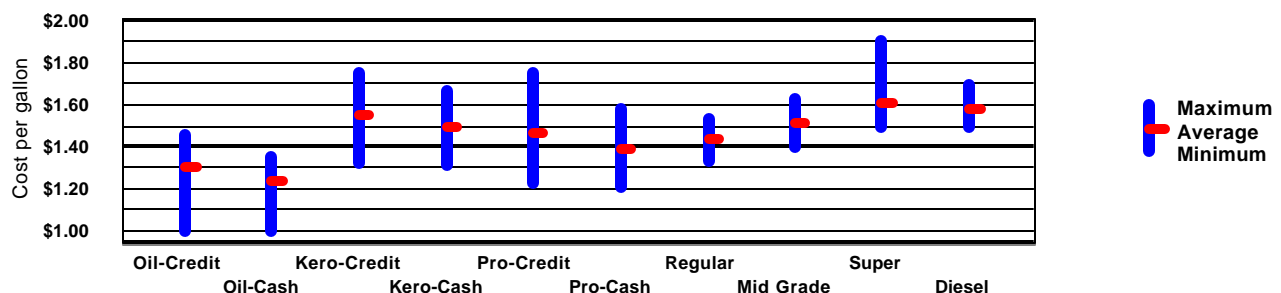
Comparing the Cost of Heating Fuels

Type of Energy	BTU/unit	Adj Effic	\$/unit	\$/MMBtu
Fuel Oil, gallon	138,200	80%	\$1.238	\$11.20
Kerosene, gallon	136,600	80%	\$1.497	\$13.70
Propane, gallon	91,600	80%	\$1.422	\$19.41
Natural Gas, therm	100,000	80%	\$0.868	\$10.85
Electricity, kwh	3,412	100%	\$0.141	\$41.39
Wood, cord	22,000,000	60%	\$125.00	\$9.47
Coal, ton	24,000,000	60%	\$182.00	\$12.64
Pellets, ton	16,000,000	75%	\$181.00	\$15.08

Cost per 1 Million BTU



Fuel Price Ranges in Vermont



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SHOPP Highlights

The Vermont Department of Public Service (DPS) collects fuel price information as part of its participation in the State Heating Oil and Propane Program (SHOPP) of the U.S. Department of Energy's (DOE) Energy Information Administration (EIA). Each summer the EIA sponsors a conference for state and industry representatives on issues related to heating fuels. Here are some highlights from this meeting.

FORECASTS

- C The EIA forecasts WTI (a benchmark) prices that "could average \$28-\$30 per barrel or higher this winter" for crude oil.
- C Distillate stocks are likely to be higher than last year but still in the low end of the normal range. Distillate prices at retail are expected to average a little lower than last winter. Weather related consumption is expected to slightly lower as well, which will result in lower overall heating bills for fuel oil customers.
- C Propane prices may be slightly lower than last winter. Lower prices for natural gas may allow propane processing plants to continue operation through the winter, unlike the situation last year. Overall U.S. inventories are "likely to be ample prior to the heating season". Inventories in the Midwest, a prime consumer of propane, remain relatively low, which may result in temporary supply shortages due to bottlenecks in the distribution system.
- C The EIA forecasts that the average cost for heating with natural gas this winter will be about 24% less than last year, but still 30% higher than during the 1999-2000 heating season.

ISSUES

- C The EIA surveyed gas suppliers, petroleum suppliers, and energy customers to gauge the impact of natural gas fuel switching last winter. Preliminary data suggest that: 1) substitutions in New England and the Mid Atlantic may have accounted for 100,000 to 200,000 barrels per day of petroleum usage; 2) a significant portion of facilities that backed down from natural gas use did not substitute another fuel; 3) the fuel switching component is a much larger proportion of the petroleum market than it is of the natural gas market; and, 4) most reductions in gas use were voluntary. The data may be subject to significant errors which the EIA hopes to rectify.
- C The EPA's new Ultra Low Sulfur Diesel (ULSD) rule which sets a cap of 15 ppm sulfur for on-highway diesel by 2006, may create significant problems for the pipeline industry due to the lack of real-time in-line testing for such low levels of sulfur, the probability of increased contamination by neighboring fuels, and other system limitations. These factors may increase the likelihood of system imbalances and consequent price spikes.

NOTE: The *Vermont Fuel Price Report* is published monthly by the Vermont Department of Public Service. Prices are collected on or about the first Tuesday of each month and, unless otherwise indicated, reflect dealer discounts for cash or self-service. For more information, please contact:

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